

IN THE MATTER OF FACTFINDING

BETWEEN)

INDIANOLA MUNICIPAL UTILITIES BOARD,)

PUBLIC EMPLOYER,)

AND)

MUNICIPAL LABORERS LOCAL #353,)

EMPLOYEE ORGANIZATION.)

HUGH J. PERRY, FACTFINDER

Recommendations issued:

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PUBLIC EMPLOYMENT
RELATIONS BOARD

APPEARANCES:

FOR INDIANOLA MUNICIPAL UTILITIES:

Jerry Thompson, Labor Relations Consultant

James Hanks, Attorney

FOR LABORERS LOCAL #353:

Steve Piper, Business Manager

Dennis Parmenter, Attorney

BACKGROUND

Laborers Local #353 represents a bargaining unit comprised of 19 employees of the Indianola Municipal Utilities, a separate entity to the City of Indianola (population 13,000) providing water and electric service to its citizens. The utilities are governed by a separate Board of Trustees who are appointed by the Mayor and approved by the City Council. Local #353 also represents a wall to wall bargaining unit of the City of Indianola which has settled its contract with the City to take effect July 1, 2002. Local #353 and the Utilities Board are concluding a contract which dates from July 1, 2000 to June 30, 2002. The parties have extended the time lines to allow for completion of impasse procedures. They have engaged traditional factfinding to resolve the impasse issues which remain open. A hearing was held at the municipal building in Indianola on May 10, 2002. In making the recommendations which follow, I have considered the criteria set forth in section 20.22(9) of the Public Employment Relations Act.

IMPASSE ISSUES

The issues for recommendation are Wages, Insurance, Sick Leave and Vacation.

CURRENT CONTRACT

Wages. The current contract contains a wage scale which provides for 5 annual steps and starting wages ranging from starting Meter Reader at \$20,734 (\$9.968/hour) to starting Lead Line Technician, \$33,740 (\$16.221/hour). Top wages for these two positions are \$23,263 (\$11.184/hour) and \$39,963 (\$19.213/hour) respectively. Top wages in the unit go to the Lead Line Mechanic, \$42,388 (\$20.379/hour) and Lead Line Tech and Lead Crew Chief which are paid Step 5 wages \$39,963 (\$19.213) and \$42,388 (\$20.379) respectively plus \$.25/hour. Employees in this bargaining unit have received a 3.25% wage increase for each of the last two bargaining years.

Insurance. The City has been in an insurance pool with the Iowa communities of Norwalk and Carlisle but next year will provide a self funded health insurance plan to these employees. The result is that the insurance premium will decrease by \$25/month, exactly the amount that these employees are currently required to pay if they elect dependent insurance coverage. The Board provides the full cost of an employee's health insurance and a \$5.00 deductible prescription drug insurance plan. In addition, for those employees choosing to enroll in the optional dependent portions of the policy, the Board contributes up to \$370.00 per month. (The contribution was up to \$320.00 per month for the contract year July 1, 2000 to June 30, 2001.) The present cost of this insurance is \$395.00 per month which requires employees taking dependent insurance to pay \$25.00 per month out of their own pockets. The premium for the life of the next contract will be \$295/month for single insurance and \$370/month for dependent insurance.

Sick Leave. Employees accrue sick leave at the rate of 3.07 hours per bi-weekly pay period. A total of three hundred sixty (360) hours can be carried forward to a new year. All leave in excess of three hundred sixty (360) hours is forfeited.

Vacation. Vacation is accrued as follows: employees with less than two (2) years of service accrue 3.07 hours of vacation for each biweekly pay period ($26 \times 3.06 = 79.82$ hours), employees with from two (2) to eight (8) years of service earn 4 hours for each biweekly pay period ($26 \times 4 = 104$ hours), employees with from 8 to 14 years of service earn 5 hours for each biweekly pay period ($5 \times 26 = 130$ hours), employees with 14 years or more of service earn 6 hours of vacation for each bi-weekly pay period ($6 \times 26 = 156$ hours). Up to 160 hours of vacation leave may be carried forward to a new year. All unused vacation leave in excess of 160 hours is forfeited.

POSITIONS OF THE PARTIES

The **Union** concedes that in years past it has bargained this unit (Local 353 represents both) in tandem with the City of Indianola's wall to wall bargaining unit which has settled its contract this year. However, the Union argues that such a practice has worked to the disadvantage of these employees who have seen their wages deteriorate with respect to those paid their counterparts in other Iowa communities. For its comparability group the Union selected employees in cities that

have combined water/electric utilities and which bargain collectively under the Public Employment Relations Act. This process resulted in a comparability group of the Iowa cities of Cedar Falls, Muscatine, Pella, Waverly and Mount Pleasant.

The **Board** notes that these parties in bargaining have maintained a close bargaining relationship with the City of Indianola's unit over the past several years which has worked to the advantage of both groups of employees. Settlements in the two units have mirrored each other. The same employee organization represents both units. The Board points out that its factfinding proposals reflect this bargaining history and are not typical factfinding proposals where it is anticipated that the factfinder will split the difference in the parties' positions. The Board's proposals here are identical to those agreed to and ratified by the City and the other bargaining unit with the exception that the Police wages were adjusted by an additional 5% over the 3 1/4% general wage increase provided the other employees in that unit. The Board's comparability group included the cities of Ankeny, Atlantic, Boone, Carlisle, Coralville, Decorah, Dension, Fort Dodge, Harlan and Norwalk for comparison of the water employees and Atlantic, Carlisle, Denison, Harlan, Muscatine, Spencer and Waverly to make comparisons of the wages and benefits provided the electric employees.

Wages

The **Union** proposes a 6% across the board increase for these employees. In support of this position, the Union contends that the wages for almost all employees in the unit fall below the average wage for similar employees in its comparability grouping. The Indianola Journeyman Lineman average wage at \$18.62/hour is the lowest in the group and will continue to be the lowest with a 6%(\$1.06/hour) wage increase. Lead Lineman/Foreman wages in Indianola at \$20.63 are lower than in all other communities except Mt. Pleasant where such employees are now paid \$20.43/hour but will move to \$21.30/hour on July 1, 2002. Electric generation wages in Indianola at \$17.45 are the second lowest in the group (only Mt. Pleasant pays lower). The highest paid electric generation wage is in Muscatine, #24.01/hour. Lead electric wages in Indianola rank fourth at \$19.63/hour. Meter Reader II in Indianola fares somewhat better, 3rd at \$14.69/hour, the same ranking as a Senior Meter reader at \$16.60/hour. A Water Operator Grade II is paid \$17.45 in Indianola, fourth among comparables. The Union submitted data indicating that wage increases ranged from 3-4% for next year's contracts in its comparability group, however at least 3 of the cities had effective dates for wage increases after July 1, 2002.

The **Board** proposes a 3.25% wage increase for these employees, the same as that agreed to by employees in the City's bargaining unit (except for police officers who were provided an additional 5% to make their salaries more competitive with other metro Des Moines communities with whom Indianola must compete for police employees). The City questions whether the Union's comparability group is too small to be statistically reliable and contends that the PERA suggests no distinction between organized and non-organized employees when making comparisons. Further, the

Board notes that these employees also enjoy longevity and a deferred compensation program which benefits might not be offered to other employees in the communities to which these employees are compared. Although not at impasse here, both of these benefits enhance these employees overall compensation. The Board notes that in selecting its group it attempted to include Cities which provided both water and electrical service to its citizens and which were roughly similar in population to Indianola. The Board advanced data indicating that the average salary in this unit was \$36,371 and that only three employees had less than 5 years of service. Most employees have many more years of service with the Board. The Board's comparison data indicated that the Water Operator I, entry, in Indianola at \$29,095 was paid \$2,000 above average, that the Operator I, top, was paid \$296 less than average, that the Water Operator II Entry was paid \$1,582 above average, and that Water Operator II top wages were \$2,254 above average. An entry level Meter Reader in Indianola is paid \$851 below average while a top meter reader here is paid \$34,532 or \$2,810 above average. Entry Line Technician wages in Indianola at \$32,128 are \$1,222 below average but top Line Technician wages here at \$36,303 are \$351 above average. Entry electric generation wages in Indianola are \$583 below average but the top Line Technician wages at \$39,963 are \$4,722 above average. The Board submitted data indicating that wage increases for the next contract among comparable water employees averaged 3.52% and that similar electric employees would average wage increases of 3.4%.

Insurance

The **Union** proposes that the Board pay the full cost of health insurance, single and dependent for these employees. It argues that it has always bargained health insurance with the intent to cover the full premium cost of health insurance for these employees and only on two occasions has it failed to achieve this goal. The current contract is one example of this when employees who elect dependent coverage are required to pay \$25/month to maintain such coverage. The Union contends that the implementation of its proposal would be a minor change in the current insurance article and would not require the Board to pay any more for this benefit over the life of the next contract. It further noted that it offered to explore insurance options during bargaining that would have saved the Board money.

The **Board** proposes that the current insurance language be maintained. It disagrees with the Union that its proposal to require the Board to pay the full cost of health insurance, single and family, for these employees would be a minor change. Such would require the Board to absorb all future premium insurance increases whatever their magnitude. That has not been the history of bargaining here. Rather, a dollar cap has been maintained on the dependent portion of the premium with minor adjustments made from year to year. There was never any intent nor language agreed to for the Board to pay the full dependent premium. The current insurance premium will decrease by \$25/month for the next contract. Accordingly, the current insurance cap will be sufficient to cover the full cost of dependent coverage for another contract year.

Sick Leave

The **Union** asks that the current sick leave cap (360 hours) be removed to allow for unlimited accumulation of sick leave. It argues that an employee who suffers a serious illness will exhaust this leave in a short period. Its comparability data indicated that Indianola at a maximum accumulation of 360 hours was considerably lower than all other comparable employers with respect to this benefit. The next lowest comparable city, Pella provides 720 hours of sick leave accumulation, twice that of this employer. Further, some other employers provide for pay out of unused sick leave under certain conditions.

The **Board** proposes to increase the sick leave cap to 450 hours. It notes that this benefit was increased in the City bargaining unit. The Board notes that short term and long term disability insurance coverage is available to these employees. They would not be without protection of loss of income in the event of their exhaustion of their sick leave benefit. It is obvious that there have been tradeoffs in bargaining with respect to these benefits by the parties. Not all other comparable communities provide short and long term disability benefits. Unlimited sick leave accumulation with its accompanying liability to the Board is not a reasonable position here. The Board's comparability data indicates that its maximum sick leave accrual is below average 428 hours for the water employees and 356 hours for the electric employees.

Vacation

The **Union** proposes that these employees receive an additional week of vacation after 20 years. It notes that Indianola provides a maximum vacation benefit of 156 hours after 14 years. This vacation benefit is less than that provided by the other cities in its comparability grouping. Waverly (water) is the next closest, providing 160 hours of vacation after 18 years of service. All other employers in this group provide up to 200 hours of vacation after 20 years of service or longer.

The **Board** proposes that the vacation benefit continue unchanged in the new contract. It argues that this is a benefit that should be bargained by the parties. Further, if comparability alone were the determining factor here, then the health insurance enjoyed by these employees could be revisited, as the benefit here is clearly superior to that provided to other similar employees.

DISCUSSION

It is clear to the undersigned that this unit and City's unit have bargained nearly identical wages and benefits over the years. The Board's factfinding proposals are identical with the terms offered to and agreed upon by the city's bargaining employees with the exception that the Police employees in that unit received an additional 5% wage increase above the 3.25% increase offered all other employees in that unit. Presumably, this was done to make the police wages more competitive

with those in other metro Des Moines communities. This bargaining history is longstanding and significant and influence the recommendations which follow although the other criteria set forth in Section 22.9 of the PERA have also been considered.

The parties don't agree on comparables. Coming up with good comparables presents somewhat of a problem as few communities in Iowa are engaged in providing both electricity and water to their residents. The Union's group is somewhat small to be statistically sound. Cedar Falls and Muscatine are much larger cities than Indianola, although the Board also used the city of Muscatine to make comparisons for the electrical employees. The best comparability group would be those Iowa communities most similar in size to Indianola which distribute both water and electricity.

The Union's data indicates that the wages for these employees lag when making comparisons with other similar employees. The wages paid here are much more competitive when viewed against the Board's data. These employees also enjoy a longevity and deferred compensation benefit. Settlements for similar employees this bargaining year appear to range from 3-4%. The City bargaining employees settled for a 3.25% wage increase. The police employees received an additional 5%. The data provided by the Board indicated that other cities have settled with their employees for an average of 3.4% and 3.5%. A wage recommendation of 3.5% is justified by the data.

Contrary to the Union's assertion that its insurance proposal is minor and merely a reflection of the way this benefit has been bargained, I view the Union proposal as a significant departure from what these parties have agreed to in the past. The Board has historically paid the full single insurance premium and a dollar amount toward the dependent coverage, which has for the most part has covered the cost of dependent insurance. The Union is asking that the Board be required to pay the full cost of insurance coverage. This would require the Board to automatically pay the increased cost of insurance premiums, regardless of their magnitude. The cap proposed by the Board for the next contract will cover the full cost of dependent coverage. There is no compelling reason to recommend a change in the insurance language.


The Board has offered to extend its sick leave cap to 450 hours. The Union asks that the cap be removed to allow for an unlimited accrual of sick leave. The current benefit of 360 hours is low. The 450 hours proposed by the Board would still be low. However, as pointed out by the Board, it also provides short term and long term disability benefits to these employees. Many other employers do not provide these benefits. The Board's proposal to increase the sick leave cap to 450 hours is a reasonable improvement in this benefit.

These employees now earn a maximum of 156 hours of vacation after 14 years of service. Many other employers provide for 200 hours or 5 weeks after 20 years of service. Vacation is a benefit that is particularly susceptible to the give and take of collective bargaining. Extending this benefit through factfinding or interest arbitration would deny this employer the ability to benefit from the quid pro quo of bargaining and any resultant advantages that such a process offers. I will not recommend a change in the vacation benefit.

RECOMMENDATIONS

- 1) **Wages** - I recommend a 3.5% across the board increase effective July 1, 2002.
- 2) **Insurance** - The insurance language in the current contract should be continued.
- 3) **Sick Leave**- The maximum sick leave accumulation should be increased to 450 hours.
- 4) **Vacation**- The vacation language in current contract should be continued.

Signed this 17th day of May, 2002



Hugh J. Perry, Factfinder


CERTIFICATE OF SERVICE

I certify that on the 17th day of May, 2002, I served the foregoing Recommendations of Factfinder upon each of the parties to this matter by mailing a copy to them at their respective addresses as shown below:

Jerry Thomson
Thompson and Associates
2813 Virginia Place
Des Moines, IA 50321

Steve Piper
Laborers Local 353
2121 Delaware Avenue
Des Moines, IA 50317

I further certify that on the 17th day of May, 2002, I will submit this report for filing by mailing it to the Iowa Public Employment Relations Board, 514 East Locust Street, Suite 202, Des Moines, IA 50309.



Hugh J. Perry, Factfinder